

1           CHAIRMAN BIBLE: Why don't we talk about enforcement  
2 mechanisms. And we, Valerie has done a paper and if I can just  
3 have you maybe run over some of the high points of your paper,  
4 that would be helpful. Can I ask you to identify yourself for  
5 the record before you get going.

6           MS. RICE: Valerie Rice, I am on the staff of the  
7 National Gambling Impact Study Commission.

8           CHAIRMAN BIBLE: And Dr. Moore, you should have a  
9 paper entitled Prohibition Enforcement Mechanisms, if you've  
10 organized your papers. And it looks like you have.

11           MS. RICE: This was a document that I prepared. It  
12 just pretty much dryly lists what are some of, it's not  
13 exhaustive, of suggested mechanisms of enforcement for  
14 prohibiting Internet gambling through legislation or other means.  
15 Specific areas are the Kyl Bill, credit card companies, the  
16 movement that has happened there specifically with Visa.

17           And Western Union which has hurt and occurred  
18 throughout the states but we have heard from Florida so I focused  
19 on Florida. We'll start with the Kyl Bill and the Kyl Bill went  
20 after a lot of different ways to enforce prohibiting Internet  
21 gambling last year. And in its final amended version which  
22 actually passed the Senate 90 to 10, but it was not taken up by  
23 the House, due to other obligations in the House at that time.

24           But the first provision was to have fines against the  
25 individual Internet gambler. And those found gambling would  
26 incur either the total amount that that person wagered in a fine,  
27 the total amount of their winnings or \$500.00. And then they  
28 also could face incarceration, imprisonment for not more than

1 three months. So it could either be a combination of fines, just  
2 imprisonment or, you know, both.

3 They also went after the Internet gambling business  
4 operators. They said that they were to fine them either the  
5 total amount that they received wagered or \$20,000.00. And they  
6 also had an imprisonment provision in there and it could be the  
7 same thing. It was one, the other or both. The Kyl Bill also  
8 had different forms of injunctive and temporary restraining  
9 orders that included once a gambling operation was convicted of  
10 offering an illegal gambling service, it could be, the Courts  
11 could enter, the Department of Justice could enforce them to  
12 enter a permanent injunction against this illegal activity.

13 And after providing notice the, you know, it could  
14 have a temporary restraining order against any person who's going  
15 to probably violate this illegal provision to probably, the  
16 intent to provide an illegal gambling operation. So it wasn't  
17 just if they've already offered it, it's also the probable. The  
18 had a provision in there specifically addressing the Native  
19 American community and the violations on Indian lands.

20 And specifically they said that it would defer to the  
21 limitations already provided under the Indian Gaming Regulatory  
22 Act, IGRA. And any applicable, sorry.

23 MR. MCCARTHY: What did you understand that to mean?

24 MS. RICE: I understood it to mean politically  
25 correct at the time, I guess. I think that, that because, you  
26 know, I don't have a vast knowledge of IGRA. I have a brief  
27 understanding of it. And I would say that the --

28 CHAIRMAN BIBLE: Whereabouts is that in your --

1 MS. RICE: Oh, on Page 2. I also brought with me a  
2 copy of that Kyl Bill, if you want to take a look at it at some  
3 point. But you know, if Internet gambling is illegal, I guess  
4 the jurisdictional questions come into play with both the Indian  
5 lands and their sovereignty as well as offshore. But if it's  
6 illegal and they deem that placing a bet from somewhere within  
7 the United States, are you not on Indian lands assuming that  
8 it's, you know, just from your house.

9 That if you're placing a bet, whether it's on Indian  
10 lands or it's overseas, if they're going to go after you for  
11 placing that bet anyway, then that would be illegal as well, for  
12 the individual bettor. I don't know what they would do in terms  
13 of going after the Native American community that was offering  
14 this, the particular Tribe that was offering the service. I  
15 don't know what they would do. But I know that if they are going  
16 after the individual bettor, that they have jurisdiction over  
17 that.

18 I think they were trying to show jurisdiction over  
19 different parts of the Internet, because it is so difficult to  
20 show jurisdiction obviously. Seeing as how you can send a  
21 message from here and it can go overseas and back in a flash and  
22 you'll have never have known that, that you're particular message  
23 even went overseas. And my message can go to California and end  
24 up around the corner and I wouldn't have even have known that.

25 So to show jurisdiction, I guess, they initially  
26 probably would go after the individual bettor. I don't know.

27 MR. MCCARTHY: Regarding any Internet betting from  
28 Indian lands, were they saying that the USDOG would have no role?

1 MS. RICE: I wouldn't say that they were saying that.  
2 I think that they were not clarifying it. I don't know why.  
3 That's probably something to look into. I don't know.

4 CHAIRMAN BIBLE: I read the statement to mean that if  
5 it were included within a compact then it would be an allowable  
6 activity. I don't know if that was the real interpretation.  
7 That's how I read this sentence.

8 MS. RICE: In the Bill offered by Goodlatte which was  
9 the House Bill which was then reintroduced by Representative  
10 McCollum, they handled it very differently. And so that if you  
11 bet from within a state that's legal to a state that offers legal  
12 gambling, that they passed legislation saying that they would  
13 regulate legal, you know, Internet gambling, then that wouldn't  
14 be a problem.

15 So then they held that true to be as well for the  
16 Native American community. So if a Tribe was offering Internet  
17 gambling and you were, say, in Nevada and Nevada allowed Internet  
18 gambling, you could place that wager to a Tribal community. So  
19 they handled it differently. I'm not positive on what Kyl, the  
20 Kyl Bill intended to do with this. But we can find out.

21 MR. MCCARTHY: We might pose these  
22 questions to the author.

23 CHAIRMAN BIBLE: Well, he's got a substantial  
24 revision that he's been working on so it's probably moot at this  
25 point.

26 MR. MCCARTHY: Can you get a look at the most  
27 available current draft from whoever on Senator Kyl's staff is  
28 working on this?

1 MS. RICE: I know that they are going to make it  
2 public, I believe, next week. I understand that they will be  
3 introducing that Bill next week and we can look at it then.

4 MR. MCCARTHY: All right.

5 MS. RICE: The next party included in the language of  
6 the Kyl Bill was the Internet Service Providers. And here again  
7 they offer temporary restraining order and injunctions against  
8 interactive computer services. And these orders and injunctions  
9 could go after the Internet Service Providers that host the web  
10 pages and force them to terminate service to those operations.

11 Now this brings up an interesting point because if  
12 you're, most of these gambling operations are happening offshore.  
13 And if a domestic Internet Service Provider is hosting that  
14 offshore gambling site, they can take it down. However, most of  
15 these web pages are with Internet Service Providers that are  
16 physically located in those offshore communities. And so this  
17 would not necessarily, well I don't know how they would have a  
18 jurisdiction over them.

19 That was something that I thought was interesting,  
20 because all of this discussion was focusing on domestic Internet  
21 gambling and most of the Internet gambling is happening offshore.  
22 So that becomes a technical problem. So the Internet Service  
23 Providers would also be required to terminate Internet accounts  
24 for individuals that were placing or receiving bets. So if an  
25 individual gambler was found to be placing, gambling on the  
26 Internet, that that person's account, their Internet account  
27 would be terminated.

28 And of course it included certain language in terms  
29 of technical feasibility for doing all of this and reasonable

1 effectiveness. And should prevent access to lawful material that  
2 is already offered on line. And it also made specific mention of  
3 the burden of this offshore Internet gambling problem. And it  
4 provided for expiration of temporary restraining orders.

5 And also mentioned that these Internet Service  
6 Providers were not obligated to monitor use of their service  
7 except when ordered by a Court. There was prior notice included  
8 in the language for the restraining orders against the Internet  
9 gambling operators that they offered in those penalties, but not  
10 for the Internet Service Providers taking down.

11 MR. MCCARTHY: That was in the Goodlatte Bill?

12 MS. RICE: No, that's in the Kyl Bill. In the Kyl  
13 Bill there was prior notice for, you know, if you were going to  
14 enter a restraining order or injunction against an Internet  
15 gambling operator. But not for the Internet Service Providers  
16 taking down that particular site. That was to be hammered out, I  
17 guess, in the courts.

18 And then the last thing that the Kyl Bill did was  
19 require the Department of Justice, the Commerce Department and  
20 the U.S. Attorney General to report to Congress on the  
21 enforcement and costs of the statute, including filtering and  
22 screening technologies, effective restraining orders and  
23 injunctions on interactive computer services. And the financial  
24 costs and societal costs on illegal gambling on the Internet and  
25 the effects of restraining orders and injunctions on the  
26 Internet.

27 The next area that is an interesting way of enforcing  
28 is through credit card companies. I actually spoke with an  
29 attorney today, so there is an update on this memo. But one

1 thing that happened was Visa knows that this is happening, that  
2 people are using their credit card directly to place wagers.  
3 That they don't even necessarily set up accounts. At some sites  
4 they are directly gambling instantaneously through their credit  
5 cards.

6 But at most sites you are setting up an account using  
7 your credit card. And neither with a bank or with the Internet  
8 gambling operation, most of the time with an offshore bank. And  
9 sometimes those banks actually own the Internet gambling  
10 operation. That's starting to happen that there are these  
11 mergers between the two or that they have a hand in each other's  
12 pockets.

13 But they were treating these on line gambling  
14 merchants, they are now treating these on line gambling merchants  
15 as high risk telemarketing merchants. Which puts them in an  
16 entirely different classification. And there was a memo which  
17 outlined what that meant. And it required that the on line  
18 gambling merchants show verification of a valid license in that  
19 jurisdiction.

20 So if they had a license in Antigua or Australia,  
21 where right now they are offering Internet gambling licenses,  
22 that they would have to show the acquirers, the people who are  
23 offering the Visa service, that they would have to show, those  
24 banks they would have to, those banks would have to determine  
25 that they are a licensed Internet gambling operation.

26 CHAIRMAN BIBLE: But only in the originating physical  
27 location, not in the location where the services, where the wager  
28 is taking place? It's just the --

1 MS. RICE: It's the bank where the card is being  
2 used. So if I, if I have a credit card and I want to wager with  
3 my credit card and my credit card happens to be a member of a  
4 particular bank, I guess that that bank would have to show -- I'm  
5 sorry, that's incorrect. If I was a bank and I had an operation  
6 where I was setting up accounts for an Internet gambling  
7 operation, if I wanted to operate, set up these accounts, I would  
8 have to show that, I would have to ask this Internet gambling  
9 operation to show its license.

10 CHAIRMAN BIBLE: Show their license?

11 MS. RICE: Right, exactly. They also are responsible  
12 for ensuring that the on line gambling merchants do not directly  
13 credit winnings to Visa cards of on line gamblers. What this  
14 means is that they did not want, once a gambler won, that the  
15 winnings from that bank go directly to the Visa card. They said  
16 if a gambler wins, Visa is not going to credit them. That has to  
17 go through another means and they suggested things like wire  
18 services. Also, they wanted these banks to establish minimum  
19 financial guarantees from on line gambling operators.

20 This is all financial ways to protect them because  
21 they've seen some serious problems in the Courts here already.  
22 Reviewing the collateral to on line gambling operators regularly.  
23 Encouraging the use of encryption technologies so that people  
24 can't use their banking data. Informing third party processors  
25 of special requirements. So if I'm a bank and I'm using yet  
26 another party to do this kind of transaction, I would have to  
27 inform them of all these kinds of new rules that apply.

28 And monitoring the transaction activities of on line  
29 gamblers. Which I guess they want them to become almost like an



1 auditor, to make sure they are going to get paid, these credit  
2 cards.

3 MR. MCCARTHY: How much of any of this is in the Kyl  
4 Bill?

5 MS. RICE: None. None. The Kyl Bill did not address  
6 banking methods. So --

7 CHAIRMAN BIBLE: The business I came from, I was just  
8 following the money.

9 MR. MCCARTHY: That's exactly right.

10 MR. MOORE: I'm figuring out how we're going to catch  
11 these people betting illegally. All of them are going to win and  
12 they are not going to report their income and the IRS is going to  
13 get them for invasion of taxes. How does that sound?

14 CHAIRMAN BIBLE: You're whistling Dixie.

15 MS. RICE: Sounds like the IRS is going to have a lot  
16 of auditing. So all Internet gambling operations must, that use  
17 Visa, Visa will now provide this field showing a notification  
18 that these transactions are occurring over Internet and security  
19 conditions for those transactions. i.e., when you go on the  
20 Internet and you place a financial transaction right now, you  
21 usually get a notification that says, this is, you know, using  
22 such and such encryption so that other people can't read it.

23 Do you want this notice to appear again? You know, I  
24 tend to say yes, because that way I know every time I send a  
25 financial information across that I know that it's encrypted and  
26 I'm feeling safe. So that's a requirement now. The other  
27 interesting thing happening with Visa right now is a law suit  
28 that's occurring in California. There was a, there was a person

1 in California, her name is Cynthia Haines, and she had incurred  
2 over \$70,000.00 of gambling debts.

3 And the banks of which, she held these 12 credit  
4 cards that she had incurred these debts upon, had brought her,  
5 had sued her in California Superior Court. And she had  
6 counter-sued against these banks. And I have spoken with her  
7 attorney and her attorney actually today told me that there was a  
8 court date set for October 20th of this year. Until then, they  
9 are kind of going through these motions to dismiss. And there  
10 was even, let's see if I can find my notes, I was speaking with  
11 him today.

12 First USA had tried to compel arbitration and the  
13 Judge denied it. So now there's a court date and I guess it's  
14 moving forward.

15 MR. MOORE: Now the reason the bank is being sued is  
16 they allowed her to go over her limit?

17 MS. RICE: Well, this is where it becomes  
18 interesting. When she filed the suit, Haines, this is in the law  
19 suit. It says, she wants, her goal is to or the law suit's goal  
20 is to prevent these credit card companies from permitting their  
21 credit cards from being used or accepted on web sites that accept  
22 illegal bets from the residents of the state of California. So  
23 her --

24 CHAIRMAN BIBLE: She's asserting the gaming debt  
25 isn't enforceable because it is for an illegal activity.

26 MS. RICE: Exactly. And I believe in California,  
27 you're not allowed to place a wager on credit cards, that you're  
28 not allowed to use your credit card to place a wager?

1 CHAIRMAN BIBLE: I would doubt the California Code  
2 addresses that, I don't know.

3 MS. RICE: I think that there's something about  
4 collecting.

5 MR. MOORE: Is the bet in Nevada?

6 MS. RICE: I know that, I know that there, yeah,  
7 there are provisions throughout different states in their  
8 different regulatory models in which you are not allowed to  
9 directly place a gambling wager. So --

10 CHAIRMAN BIBLE: No states other than New Jersey  
11 allow you to directly place a wager with a credit card  
12 domestically.

13 MS. RICE: Okay. So, see now we have to go  
14 international.

15 CHAIRMAN BIBLE: And illegally, nobody even  
16 addresses.

17 MS. RICE: Right. So according to the attorney, the  
18 credit card companies knew or should have known that the numerous  
19 on line casinos using their credit cards for illegal gambling  
20 transactions that she played, they should have known this was  
21 happening. Visa and Mastercard often, whether it's with their  
22 consent or not, have direct links attached to some of these  
23 Internet gambling sites where you can just, I mean they are  
24 advertised on there to use it and you can just click on it and  
25 you can, and it will bring you to the forms to fill out.

26 CHAIRMAN BIBLE: Visa sites too?

27 MS. RICE: I understand, from my understanding  
28 evidently. I've seen it myself. I don't know if anything, I  
29 haven't seen it since the high risk. But they had direct links,

1 and sometimes they are placed by the gambling operators. They  
2 are not necessarily with Visa's knowledge, but they are there.

3 The attorney, Ira Rothkin, had to come up with his  
4 own enforcement suggestions which were to require the cooperation  
5 of financial institutions through injunctive relief. I guess  
6 much like we had seen with the Internet Service Providers and the  
7 like. And prohibit credit card companies and banks from acting  
8 as a conduit to Internet gambling operations or setting up  
9 financial accounts for the sole purpose of Internet gambling.

10 Provide for injunctive relief for credit card  
11 companies and go to federal court to get this relief. Prohibit  
12 the collection of credit card debts accrued through Internet  
13 gambling. Prohibit digital cash mechanisms from acting as a  
14 conduit to aid and abet Internet gambling. Now, and also provide  
15 injunctive relief. There are other forms, as you know, of money  
16 used on the Internet or ways to send  
17 your financial information.

18 And that is through things like smart cards and  
19 digital cash and e-cash.

20 CHAIRMAN BIBLE: What is e-cash?

21 MS. RICE: Think of it almost like if you went and  
22 bought chips at a casino. You can go and put your money down  
23 through this company, I think actually there's a company out --

24 CHAIRMAN BIBLE: Kind of like a phone card, pre-paid  
25 phone card.

26 MS. RICE: Like a pre-paid phone card. And you can  
27 spend it on anything.

28 CHAIRMAN BIBLE: Okay, I understand.

29 MS. RICE: I mean you can go on line to any --

1           CHAIRMAN BIBLE:   No one is using e-cash at this  
2 point, from what I understand.

3           MS. RICE:   If, I mean I imagine I guess if you say  
4 that credit card companies --

5           CHAIRMAN BIBLE:   Everybody will use it if you go  
6 after the credit cards.

7           MS. RICE:   Exactly.   But the difference is it is  
8 harder, I guess, to track because you've created that third party  
9 to go through already.

10          CHAIRMAN BIBLE:   Correct.   You can go buy a phone  
11 card at Cosco.

12          MS. RICE:   And there's no way to tell what it's being  
13 spent on.   It's like spending money.   It's just sent immediately.  
14 As opposed to a credit card in which you get the bill for  
15 afterwards.   It's just debited.   And then he talked about if it  
16 was legalized within the states, which really doesn't pertain to  
17 us, I guess, since we're a Subcommittee to prohibit it.

18          The next area was Western Union.   And Western Union  
19 in conjunction with the state of Florida and their Attorney  
20 General there has agreed to cut off all money transfers to 40  
21 offshore Internet gambling sites.   And most of them were, I think  
22 all 40 of them were sports gambling operations that the Attorney  
23 General had located that were accepting this wire transfer.  
24 There are two --

25          CHAIRMAN BIBLE:   Before you go on, we probably have  
26 two versions of this, of your paper.

27          MR. MCCARTHY:   March 6th.

28          MS. RICE:   Oh, you know why, when I sent it via  
29 e-mail.

1 CHAIRMAN BIBLE: I took your's off e-mail.

2 MS. RICE: Right. I think it's just the page  
3 numbering is different, there's not a word change or anything.  
4 So the page numbering would be different. Your cover page would  
5 be Page 1.

6 CHAIRMAN BIBLE: Oh see, I downloaded mine. I took it  
7 off e-mail. All right, that's fine, I've got it.

8 MS. RICE: So Western Union has two forms, well has  
9 this one form, it's quick. It's quick payor, quick collect,  
10 that's often used. And you can go, some of these gambling  
11 operations had direct, and some still do, I guess, have direct  
12 links to the quick pay, quick collect forms. So that you can go  
13 directly and fill it out and send it even on line. But you can  
14 go down to a Western Union office and fill out as well.

15 And they have not given us the specifics of their  
16 agreement, but they did, every time that they are notified,  
17 Western Union has said that they will shut down, if there's a  
18 direct link that they will not send it. And if they know that  
19 the money is going to an Internet gambling account, they won't  
20 send it.

21 MR. MCCARTHY: Isn't their language in an existing  
22 federal law or in the Kyl Bill that would address this specific  
23 issue?

24 MS. RICE: No. Western Union, wire transfers as well  
25 as the credit card companies were not addressed in the Kyl Bill.

26 MR. MCCARTHY: In this instance there was a remedy,  
27 the Attorney General had some leverage to put pressure on to get  
28 Western Union to change what it was doing.

29 MS. RICE: Right.

1 MR. MCCARTHY: But it may be that the hands of the  
2 U.S. Department of Justice and state --

3 CHAIRMAN BIBLE: If you remember the testimony, we  
4 had testimony both from the Deputy Attorney General via telephone  
5 and at one point, I believe, from the Attorney General, not from  
6 the Attorney General himself, but just from the Deputy Attorney  
7 General. And he indicated that he called them into his office  
8 and they had, they came to an understanding.

9 MS. RICE: Right. That was Gary Betts.

10 MR. MCCARTHY: And we don't know what might have  
11 happened?

12 CHAIRMAN BIBLE: He indicated he did not threaten  
13 them.

14 MS. RICE: And the attorney, Adam Coyle, who was  
15 talking to us that evening from Western Union, has mentioned that  
16 other states has done this as well.

17 CHAIRMAN BIBLE: Yeah.

18 MS. RICE: So this is an effort, another effort on  
19 part of all the Attorney Generals throughout the United States to  
20 go after Internet gambling.

21 MR. MCCARTHY: Yeah. It may be that some specific  
22 language on this point, either the Kyl Bill would simply  
23 strengthen the hand of State Attorneys General and the U.S.  
24 Department of Justice. Whenever we've got U.S. companies that  
25 are quite willingly and aggressively participating in  
26 international Internet betting, I don't understand why there  
27 aren't provisions in the Kyl Bill including the credit card  
28 companies.

1 MS. RICE: Well, that's what the attorney in the  
2 Haines case has mentioned was that the reason why he went after  
3 these banks is because they are in the United States and he had  
4 jurisdiction over them.

5 MR. MCCARTHY: Yeah.

6 MS. RICE: But the problem does become a little bit  
7 more muddled since it's hard to tell sometimes if it's going to  
8 an Internet gambling site. You know, they've gone to these  
9 offshore accounts and then sometimes you can kind of go to an  
10 account to go to an account. So for an example, I set up an  
11 account in, you know, Iceland, you know, and then I use that  
12 account to funnel more money to an account in Antigua where the  
13 gambling operation is taking place. It's difficult.

14 CHAIRMAN BIBLE: Well, I think if you try hard  
15 enough, you can figure out how to transmit money to an Internet  
16 wagering site. I think whatever you do, you just make it more  
17 difficult.

18 MS. RICE: Right.

19 MR. MOORE: What she's saying is that a lot of these  
20 sites, the Internet gambling sites, might not be identifiable as  
21 one of those. It may be listed, as you said, the banks enjoin in  
22 with them, now they were holding each other's hands.

23 MS. RICE: Well, you can tell sometimes when it's a  
24 bank in conjunction with an Internet gambling site, but sometimes  
25 it's difficult to tell if I'm sending money to, you know, England  
26 and then from that England site to, you know, another. If you  
27 tried hard enough, you know, but you still have to follow the  
28 money.



1 CHAIRMAN BIBLE: Well my thought, just in terms of  
2 this particular area, is that we wait, take a look at the Kyl  
3 Bill, see what important mechanisms it has. I think it will  
4 probably have some of the same traditional enforcement mechanisms  
5 that were talked about last time. Not traditional, but  
6 traditional in terms of that legislation. And we'll look to the  
7 ISP probably and make it criminalized wagering activity together.  
8 I don't know if that's appropriate, but I suspect we'll do that  
9 again.

10 But if anything that we can add to the dialogue to  
11 take a look at perhaps one of these other alternatives. And I  
12 think you're looking at a blank, quite frankly.

13 MR. MOORE: What would be wrong you asking them about  
14 is this covered in the Kyl Bill? What would be wrong in putting,  
15 hoping that this was or suggesting it be in the Kyl Bill and make  
16 it illegal for credit card companies and Western Union and all  
17 other money transfer to transfer money to an Internet  
18 gaming site?

19 CHAIRMAN BIBLE: Yeah, I don't see a problem with  
20 that. I think it's a knowledge requirement as to, you know, how  
21 it gets identified.

22 MR. MOORE: Well --

23 CHAIRMAN BIBLE: But you know, I don't, quite frankly  
24 I just think you make the credit card debt not enforceable and  
25 let the patron who wants to lose their money assert their rights.

26 MS. RICE: Right. All this might become that case if  
27 this case moves forward.

28 CHAIRMAN BIBLE: It will just drive the money  
29 someplace else.

1 MS. RICE: Exactly.

2 CHAIRMAN BIBLE: You know, just all the money.

3 MR. MCCARTHY: Yeah, I think all three of us are  
4 looking for provisions that perhaps should logically be in the  
5 Kyl Bill that may not be now. But we won't know that until we  
6 see the --

7 CHAIRMAN BIBLE: So I think probably in terms of that  
8 direction why don't you follow, when the Kyl Bill does get  
9 released, take a look at all the enforcement mechanisms and then  
10 start exploring those options, particularly in the financial  
11 area, that are not included in those enforcement mechanisms. And  
12 you may want to contact FINSEN, which is the Financial  
13 Enforcement Network and see if they have any particular  
14 suggestions as to how to do that.

15 I can give you the name of the contact person.  
16 Because they are involved in that because of the anti-money  
17 laundering activities.

18 MS. RICE: Okay. Any other questions?

19 CHAIRMAN BIBLE: No. Thank you.

20 MS. RICE: Thank you.

21 CHAIRMAN BIBLE: Excellent work product.

22 MS. RICE: Thank you.

23 CHAIRMAN BIBLE: Let's take up on the first item and  
24 then we'll take a brief recess and then come back and talk to Mr.  
25 Belletire. My thought in terms of the prohibition is that we ask  
26 the staff to start conserving what's in the body of our  
27 transmittal report to more flesh on the recommendations instead  
28 of just a straight prohibition. I personally am not overly

1 concerned with account wagering if it is appropriately controlled  
2 and takes place on the telephone.

3 I don't think we ought to cross the line in any  
4 circumstance and get into endorsement of Internet wagering.  
5 Whether it be for horses or dogs or casino games. Let that  
6 medium still be prohibited, that account wagering be left to  
7 states' option if they, it was a strong recommendation that they  
8 adopt the appropriate safeguards. That's an area we want to take  
9 a look at. I don't believe we touched common pooling at all.

10 And that's, this is the direction I would take. And  
11 I don't know how you feel about that. You may feel a little bit  
12 differently because that in effect of course to some aspect home  
13 wager. Do you want to kind of flush that out in your report? At  
14 this point, why don't we take a recess for five minutes. We'll  
15 come back and we'll talk about regulations with Mr. Belletire.

16